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U.S. CONTRACTOR SENTENCED IN CASE INVOLVING BRIBERY, FRAUD AND MONEY LAUNDERING SCHEME IN AL-HILLAH, IRAQ

WASHINGTON – A U.S. contractor was sentenced to 46 months in prison and ordered to forfeit \$3.6 million for his role in a bribery and fraud scheme involving contracts in the reconstruction of Iraq, Assistant Attorney General Alice S. Fisher of the Criminal Division announced today.

Philip Bloom, 67, of Bucharest, Romania, was sentenced today in U.S. District Court in the District of Columbia by the Honorable Colleen Kollar-Kotelly. Bloom was also sentenced to two years of supervised release.

Bloom was arrested at Newark International Airport on Nov. 13, 2005, and pleaded guilty on March 10, 2006, to bribery, money laundering, and conspiracy in connection with a scheme to defraud the Coalition Provisional Authority – South Central Region (CPA-SC) in al-Hillah, Iraq.

“Philip Bloom will now spend 46 months in jail for bribing public officials with cars, computers and jewelry, and laundering money in exchange for more than \$8.6 million in contracts during the rebuilding of Iraq,” said Assistant Attorney General Fisher. “The Department of Justice is committed to finding and convicting those who squander resources meant for the reconstruction of a nation through theft, fraud and bribery.”

Bloom admitted to participating in a complex bribery, fraud and money laundering scheme while seeking contracts for his company, Global Business Group, during the early days of the war in Iraq. From December 2003 through December 2005, Robert Stein, a DOD contract employee and the Comptroller for the CPA-SC; Bruce D. Hopfengardner, a lieutenant colonel in the U.S. Army Reserves; and numerous public officials, including several high-ranking U.S. Army officers, conspired to rig the bids on contracts being awarded by the CPA-SC so that all of the contracts were awarded to Bloom. In return, Bloom provided the public officials with over \$1 million in cash, SUVs, sports cars, a motorcycle, jewelry, computers, business class airline tickets, liquor, future employment with Bloom, and other items of value.

In addition, Bloom laundered over \$2 million in currency that Stein and his co-conspirators stole from the CPA-SC that had been slated to be used for the reconstruction of Iraq. Bloom then used his foreign bank accounts in Iraq, Romania and Switzerland to send the stolen money to Stein, Hopfengardner, and other public officials in return for the awarded contracts. In total, Bloom received over \$8.6 million in rigged contracts.

During the course of the conspiracy, Stein and other co-conspirators stole U.S. currency and funneled those funds to Bloom in order to purchase illegal controlled weapons—including assault rifles, silencers, and grenade launchers—which they converted to their own personal use in the United States.

Bloom has cooperated with the government's ongoing investigation.

On Feb. 1, 2007, Colonel Curtis Whiteford, Lt. Cols. Debra Harrison and Michael Wheeler, and civilians Michael Morris and William Driver were charged in a 25-count indictment for related charges including conspiracy, bribery, money laundering and others in connection with this scheme.

On Jan. 29, 2007, co-conspirator Robert Stein was sentenced to nine years in prison for related charges of conspiracy, bribery and money laundering, as well as weapons possession charges, for his role in the same scheme.

On Aug. 25, 2006, co-conspirator Hopfengardner pleaded guilty to related charges of conspiracy to commit wire fraud and money laundering in connection with the same scheme as Bloom and Stein. Hopfengardner is scheduled for a status conference on March 23, 2007.

These cases are being prosecuted by trial attorneys James A. Crowell IV and Ann C. Brickley of the Public Integrity Section, headed by Acting Section Chief Edward C. Nucci, and trial attorney Patrick Murphy of the Asset Forfeiture and Money Laundering Section, headed by Section Chief Richard Weber, all of the Criminal Division. These cases are being investigated by the Special Inspector General for Iraq Reconstruction, IRS Criminal Investigations, U.S. Immigration and Customs Enforcement at the Department of Homeland Security (ICE), Army Criminal Investigations Division, the U.S. Department of State Office of Inspector General, and the FBI's Washington Field Office in support of the Justice Department's National Procurement Fraud Task Force and the International Contract Corruption Initiative. The investigation has received substantial assistance from the ICE Cybercrimes Division.

The National Procurement Fraud Initiative was announced by Deputy Attorney General Paul J. McNulty in October 2006, and is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs. As part of this initiative, the Deputy Attorney General has created the National Procurement Fraud Task Force, which is chaired by Assistant Attorney General Fisher.

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